

SUSTAINABILITY STRATEGY FOR A COFFEE COMPANY

Case: Frappua

Abstract

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<p>Sustainability is a very important topic of the modern time. The thesis studies sustainability aspects in the coffee industry. The case company for this study is a chain of three cafeterias located in the Finnish city Lahti. The aim of the thesis it to help the company build better understanding of their performance from the sustainability perspective and create the appropriate sustainability strategy that will make the company more sustainable.</p> <p>The research is based on the qualitative method. Primary data includes a questionnaire that investigates opinions of society towards sustainability in the coffee industry. Another source of primary data is the author's observations of the company based on the work experience gained in the case company. The secondary sources used in the study include academic literature and electronic sources. The theoretical part studies main concepts of sustainable development, sustainable business and marketing and the meaning of sustainable strategy. Then, to understand better the company's own sustainable performance the main products used by the company are reviewed from the point of view of sustainability. These findings and the theories reviewed then are brought together in the single sustainability strategy. The results of the questionnaire help to shape the sustainability strategy according to the expectations of the local society.</p> <p>Study results show that the case company has significant achievements in the terms of sustainability. The further improvements for the company can be made by making packaging more recyclable, talking more about sustainability on company's social media, selling more organic coffee.</p>		
Keywords Sustainability, sustainability strategy, sustainable coffee, sustainable business		

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1 INTRODUCTION

1.1 Thesis Background

Climate change become the concern of many people in the Earth. Businesses try to adapt to the requirements of the modern time. Small and large companies are becoming «greener». According to Calza, Parmentola & Tutore (2017,1) the environmental sustainability is actual for non-green companies as well because they see in green innovations opportunities to growth. Humanity must learn how to produce goods with fewer energy and raw materials intensity. Sustainability is not just a trend of modern times but probably a new industrial revolution. (Renssen, Schwartz, van Basten-Boddin & Hoo 2014, 25.) The growth of attention to ecological, social as well as ethical concerns has increased awareness of the influence of food production and consumption on the environment and led to increase of pressure from consumer associations, policy makers and advocates of environment on the companies in the sphere of food and agriculture to make supply chain in the area more sustainable. In this case creating global strategies for sustainable food production and agriculture become a challenging task. (Bohtis, Lakovou, Vlahos & Aidonis 2016, 32.)

The case company Frappua is a small chain of cafeterias based in Lahti, Finland. It is focused on selling high-quality coffee drinks and desserts. Sustainability is important for Frappua as a company that operates in the food industry. The values of the company require the reduction of the amount of waste produced and the use of only high-quality products. As a new company Frappua still needs to learn a lot about sustainability. Sustainability strategies and sustainability marketing are the tools for the company to assure its social and environmental responsibility and attract attention of its customers.

The selection of the case company is also based on the author's preferences due to working at Frappua from October 2016 till February 2017 and from January 2018 till June 2018 (in total 11 months). A deep understanding of the company's processes, benefits and threats and access to insider information about the company will help the author select an appropriate sustainability strategy for the case company.

1.2 Research Objectives and Questions

The main objective of the research is to demonstrate that sustainability is an important factor of the development of the case company "Frappua". The sustainability is already

integrated into business model of Frappua, but the company is not yet aware of it and not yet defined its meaning. The aim of the thesis to create sustainability strategy for the company based on existing resources and according to expectations of the local society. To achieve these objectives concepts of sustainability strategy, will be reviewed, use of ingredients and machinery investigated from the point of view whether it can be considered as sustainable, and sustainable marketing will be considered as a tool to inform company's clients about sustainable topics.

The research question is:

What kind of sustainability strategy Frappua should choose to assure that the company is truly sustainable and improve its performance?

1.3 Research Scopes and Limitations

The central point of attention of the research is the case company Frappua. The findings of the research will be applied in the company. Outcomes that are actual for Frappua will not necessarily work in other companies of the same size and in the same industry. Inability to question significant amount of people to find an objective opinion about sustainability issues as well as lack of resources, especially financial, to implement all the recommendations that will be given to the case company are also limitations of the research. Objectivity of views of clients, employees and objectivity of what can be considered sustainable and not in case of Frappua limit the research as well.

1.4 Theoretical Framework

Theory is an essential part of the thesis work. It builds deeper understanding of the topic in an organized way. Theoretical framework is often underestimated but is one of the most significant parts of research process. Theoretical framework forms the basis on which the research is constructed. It gives definition for the key concepts essential for the thesis, constructs the vision and the structure. (Grand & Osilaano 2014, 12-13.)

In the second chapter of the thesis the main theories about concept of sustainable development will be described and the information about existing organisations of sustainable certification. These are base for distinguishing sustainable contents in the products that use Frappua. Studying practical experience of the companies from whom

Frappua purchases products will help to investigate how sustainability is integrated in Frappua's activity.

1.5 Research Methodology and Data Collection

Term methodology refers to the approach by means of which researcher seeks answer to the research question. In social sciences methodology defines how research is conducted. Our assumptions, purposes and interests are correlated with methodology we choose. (Taylor, Bogdan & De Vault. 2015, 14.)

The research approach, reseach method and data collection methods that are used in this thesis are shown in the figure below.

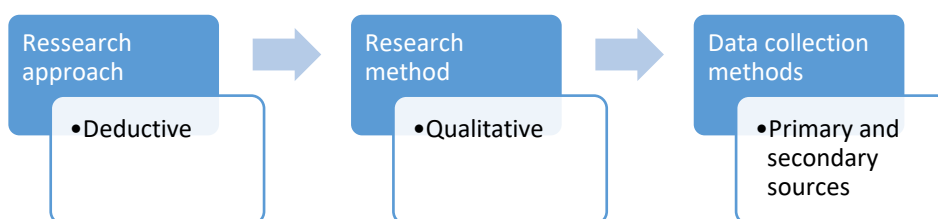


Figure 1 Research Methodology and Data Colletion

The are two main research approaches to conduct the research: deductive and inductive. In the deductive approach the theory is developed primarily and then the hypothesis is defined. The formulated hepothesis constructs the research strategy which tests the hypothesis. To conclude the study the hypothesis is confirmed or rejected. It can be true, partly true or not true. Inductive approach is commonly used in the situation with no primarily existing theory. In this case data collection is conducted and theory is developed based on the analysis of collected data. (Saunders, Lewis & Thornhill. 2009 124-127.)

The research methods applied to the research can be qualitative, quantitative or combination of both. Quantitative research refers to measuring of quantities and use of numerical data. The information is deprived from primary or secondary sources. The typical primary source for qualitative research is questionairre and secondary sources can be articles, statistics, different electronic sources. etc. (Saunders et al. 2009, 151.)

Qualitative research uses descriptive data that can be referred to observation of people's

lives and behaviours (Taylor et al. 2016, 17). Qualitative research is also based on primary and secondary sources. Widely used primary source in this type of research is interview, which is divided on structured, semi structured and unstructured types. (Saunders et al. 2009, 151.)

This thesis uses questionnaire in a form of web-based survey as a primary source of the information and own knowledge about the company acquired during the time of work in the company. Secondary sources include analysis of different theoretical sources about topics of sustainability, information about organizations for sustainable certification, benchmark of a leading coffee company “Starbucks” and analysis of the sustainable behaviours of the company’s suppliers.

1.6 Thesis Structure

The figure below shows the structure of the thesis.

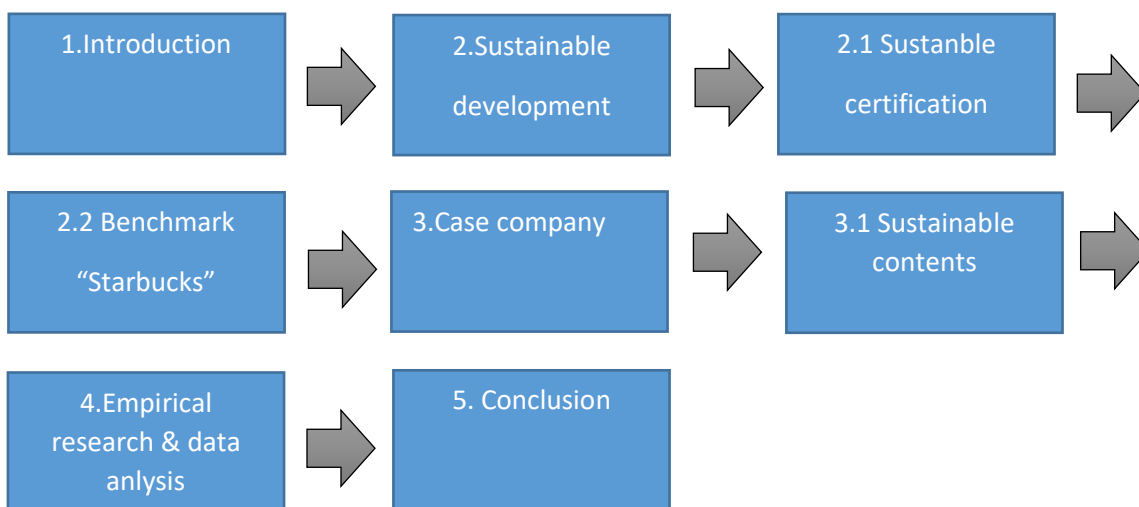


Figure 2 Thesis Structure

The introductory part of the thesis explains the thesis background and motivation behind the study. After that the second chapter gives definition to the main concepts of sustainable development and provides information about different certifying organizations that help to assure sustainability of different types of products and services. Then the example of sustainable behavior Starbucks is explained. This company is the globally accepted leader in the sector where operates the case company of this thesis. In the third part the focus is narrowed to the case company, so the history of the company and

general information about it is provided. After, the key products and services of the enterprise are analysed from the point of view of sustainability. In the fourth part the empirical research and data collection process are shown, and results of survey used as the primary source for the study are presented. In the fifth part the sustainability strategy is drawn based on analysis conducted on the previous chapters and recommendations for the improvements for the case company from the sustainability perspective are given and the research question answered. Also the reliability and validity of the thesis is described and suggestions for further research proposed.

2 MAIN CONCEPTS OF SUSTAINABLE DEVELOPMENT

2.1 Main Concepts of Sustainable Development

The chapter defines sustainable development and describes its meaning for the businesses. Also United Nation's sustainable goals which play important role in every sustainable business are explained. After, the terms sustainable marketing and sustainable strategy are explained. Then the information about main certifying organizations that work in the field of sustainable development are provided. The last part of the chapter describes key achievements in sustainable development of the company "Starbucks," the leader of the industry to which the case company belongs to.

The modern understanding of the term sustainable development was given and then spread worldwide after the United Nation's World Commission on Environment and Development in 1987 in the report „Our Common Future” also known as Brundtland Report. According to the report sustainable development is – “development that meets the needs of the present without compromising ability of future generations to meet their own needs.” (WCED 1987,39.) Sustainability concept is not just about environmental protection and conservation of natural resources, but more about searching a steady state on which the economic growth and development of the society does not threaten the health of humans, animals and plants. The concept of sustainable development explained in Brundtland Report is based in three equal pillars or three “E” which are economy, environment and equity also known as Triple bottom line or three “P” - people, planet and profit. Sustainability in general and in the case of any enterprise can be achieved only when economic growth, environment protection and improvement and equity are intercorrelated. (Portney 2015, 4-6.)

2.2 Sustainable Business

Sustainability from a company's perspective can be also called „green economy.” Development of green businesses started around 1985. Green businesses are the companies whose business practices include promoting, supporting or participating in any form of sustainability. Such types of companies now play important role in the economy of countries with different levels of economical development. (Portney 2015, 112-113.)

Sustainability opens numerous benefits for the companies such as:

- energy efficiency that contributes to reduction of the costs
- reduced costs by materials and (or) waste efficiency
- growth in productivity of employees
- opportunities to enter new markets
- better reputation of the brand
- improved competitive advantage
- increased incomes and market share due to more sustainable positioning
- more innovative products or services
- more innovative business model and processes
- improved regulatory compliance
- lower risks
- better attitudes towards company's management
- improved stakeholders and investors relations
- better chances to attract top talents (Malhotra 2016, 3).

Sustainable actions or behaviours of firms can be broadly distinguished on internally focused and externally focused. Internally focused actions are correlated with efficiency of company's operations such as reducing energy consumption, and water use, waste and emissions reduction and development of sustainability strategies. External focus is based on the action towards any external for the company subjects such as customers, competitors, suppliers, intermediaries and concentrated mostly on sustainable marketing. (Malhotra 2016, 12.)

2.3 Sustainable Development Goals

Sustainable development goals were introduced by the United Nations in 2015 (UNDP 2018). They are an effective sustainable marketing tool for many companies to highlight the basis on which their sustainability programs are based. The sustainable development goals are presented in the picture below.



Image 1 Sustainable Development Goals (UN News 2019.)

2.4 Sustainability Strategy and Sustainable Marketing

Term sustainable marketing applies to the social and environmentally responsible actions of the enterprise that meets the current and future needs of its customers and the company itself (Kotler & Armstrong 2014, 605).

Sustainability strategy is an organizational strategy connected with sustainability (Greenintelli 2019).

Key elements of successful sustainability strategy:

1. Highlight importance of sustainability in the company's governance towards social and environmental issues.
2. Establish dialoge about sustainability challegnes with core company's stakeholders.
3. Open reporting on sustainability strategies, goals and achievements.
4. Systematic improvements on perfomance to achieve the sustainability goals in the full cycle of company's activities including operations, supply chain and products. (Lubber 2010.)

The overview of theory about sustainable strategy brings the conclusion that there are no unified sustainability strategy which is different for any company in any industry. The sustainability strategy for Frappua will be based on the individual characteristics of the company and the best examples of sustainable companies in the same sector and also on the opinion of local society.

2.5 Sustainable Certification

Certification is the major tool to assure that coffee and other contents used for its preparation and packaging are sustainable.

2.5.1 Organic Logo of European Union

The organic logo unites the labeling of organic products that are sold in European Union. To receive the logo product must comply the requirements in terms how they are produced, processed, transported and stored. The products must consist of no less than 95% of organic contents among its ingredients. The products can be either produced in EU or outside, in any case, they must fit to the organic standards of European Union's certifying bodies. Next to the logo is located the number of certifying organization and the country where the product was farmed. (European Commission 2019.)

The view of the organic logo is presented on the image below.



Image 2 Organic Logo of European Union (European Commission 2019)

Due to high demand on organic products and the constant growth of the sector within EU, the new legislation with improved standards was accepted on 30 May 2018 and will come into force from 1st of January 2021. The new regulation expands the product categories of organic products and facilitates certifying methods. It sets the standards of sustainable development of organic production with its positive influence on the environment. Organic production helps farmers to achieve fair competition and stable income. Meanwhile also protecting consumer rights and bringing confidence in ecologically clean products and providing access to new distribution channels for producers. (Regulation 2018/848, 2018. 3-5.)

2.5.2 UTZ and Rainforest Alliance

UTZ and Rainforest Alliance (RFA) are two major certifying organizations for sustainable farming merged in January 2018. Mission of Rainforest Alliance is to ensure sustainability for farming, forestry and tourism. Together with UTZ the work of the organization is based on labelling of sustainable farming. Rainforest Alliance was established in 1976.

Nowadays it involves 1, 331, 360 farms certified by RFA with 76 countries participants. (RFA 2018.)

Mission of UTZ is make sustainable farming the common norm. The organization was established in 2002 as approach to enable sustainable coffee farming by Belgian-Guatemalan coffee grower Nick Bocklandt and Dutch coffee roaster Ward de roote. After five years since its launch the UTZ expanded its activity by including certification for tea and cocoa. The organization became the largest certifying body for sustainable coffee. The UTZ labels can be found on over 15, 000 different products in 131 countries. (UTZ 2018.)

2.5.3 Fairtrade

Fairtrade is an international organisation from the UK with an aim to ensure fair working conditions for the farmers and agricultural workers in developing countries. The main requirement of the organisation for the companies to be certified is to pay relevant salaries (no less than a market price) to its suppliers. (Fairtrade 2019.)

The core approach of the organization is sustainable trade. Fairly paid salaries help to bring more stability and self-control in lives of poor people in developing countries. That is the reason why the focus of Fairtrade is to work with small-scale farmers in the countries with low incomes. Such categories of people can benefit the most from Fairtrade

certification. Small-scale farms account for 82% of Fairtrade producers. Organisation's network includes 1.6 million of farmers that belong to 1,599 organisations in 75 countries. (Fair Trade Annual Report 2018, 4.)

Also, Fairtrade is partnering with European Union in their common goal to achieve United Nations's sustainable development goals. "Fairtrade's goals are deeply intertwined with 2030 sustainable development agenda: make trade fair, empower small-scale farmers and workers and foster sustainable livelihoods" said the CEO of the organization, Soto Abril. With the sponsorship of European Union Fairtrade works on the actions towards reducing poverty and inequality and at the same time promoting sustainable development in the local communities of developing countries. (Fairtrade 2019.)

The crucial for this study coffee industry is the most covered by Fairtrade (38% out of all products) with 214, 662 metric tonnes of coffee sold in 2017, which includes organic content of 57% of organic coffee sourced by Fairtrade. The significant growth of purchases of Fairtrade coffee showed such countries as Ireland, Denmark and Finland. Cocoa accounts for around 13% of all certified products with content of 15 % of organic cocoa beans. The third place belongs to bananas with 10% by sales of all products and the organic content of 62 %. The highest volume of organically grown products belong to cotton with 73% out of all Fairtrade cotton. Other examples of products covered by Fairtrade include sugar (23% organic), tea (29% organic), nuts, rice, spices etc. (Fairtrade Annual Report 2018, 8-9.)

2.5.4 PEFC

PEFC (Programme for the Endorsement of Forest Certification) is the largest certifying body for the forest certification with aim of sustainable forest management. Controllers of PEFC certified forest are obliged to ensure the maintenance and conservation of biodiversity. The organisation protects over 313 million of hectares of the forest certified worldwide and cooperates with over 20 000 enterprises that use certified by PEFC wood in their production by PEFC Chain of Custody certification. (PEFC Annual Review 2018, 14,15.)

Forest Certification is based on the following standards:

- Enriching and maintaining of the biodiversity in the forest
- Protecting ecologically important forest ecosystem
- Prohibition of forest conversion

- Prohibition of the most hazardous chemicals and GMO's
- Protecting worker's rights and welfare, supporting local employment opportunities
- Respect of property rights, customary and traditional rights including recognition of UN declaration on Indigenous people's rights
- Opportunities for consultation with local stakeholders
- Protection worker's basic rights (PEFC 2018.)

Purchasing the cup labeled with PEFC means that it is made from sustainably managed forest materials.

2.6 Sustainability in Cafes. Case of Starbucks

Starbucks is an international coffee company with global impact. That is why its sustainability practices are good role model for Frappua. The requirements of Starbucks for the coffee farming is to achieve 100% ethically sourced coffee, which has already reached 99%. Also, quality of coffee remains important factor for the company. Starbucks participates in the global sustainable movement as a giant in the coffee industry with 28,000 shops worldwide and with around two million farmers as suppliers. The initiative of the company that include C.A.F.E. (coffee and farmer equity) practices aimed to increase welfare and adaptability of farms. Starbucks established nine Farmer Support Centers in the places with highest concentration of suppliers of the company, such as: Ynnan China, Kigali Rwanda, Chiapas Mexica and Global Agronomy Center in Costa Rica in Alajuela, where farmers receive trainings about modern farming techniques from the best agronomists. Different trainings have already been organized with around 25,000 farmers. Also, in cooperation with USAID (U.S. Agency for International Development) Starbucks provides trainings for the farmers that used to grow coca for the cocaine industry in Columbia for their transfer into coffee industry. Moreover, good quality coffee arises from good quality trees. Starbucks invests in replacing old aging, or sick trees (with 25 millions of trees planted since 2015). (Global Social Impact 2018, 4.)

Another focus is made to provide sustainability in the coffee shops. Starbucks achieved to build over 1,500 LEED certified (Leadership in Energy and Environmental Design) stores in 20 countries which accounts for 20% of total LEED retail projects. (Global Social Impact 2019, 8.)

LEED is a “green certification program for building design, construction, operations and maintenance” developed by American non-profit organization «U.S. Greenbuilding Council» to provide environmentally and socially responsible healthy construction that improves quality of life (USGBC 2019).

Starbucks is also involved in the renewable energy projects with the goal of eventual transfer of all company facilities to the renewable energy supply, which was already achieved for many global stores of Starbucks since 2015. For example, solar farm in North Carolina supplies electricity for over than 600 stores in the region and in the state of Washington wind power supplies 100 Starbucks shops in the area and a roasting facility in Kent. (Global Social Impact 2017, 8-9.)

Essential part of the sustainable program is equipping stores with greener solutions for the single use cups and packaging. Already in 1987 Starbucks launched the initiative to give a discount to customers who have brought reusable cups. Also, Starbucks was one of the first initiators to eliminate double cup sleeve, and then introduced in 2017 more recyclable cup lid. The company strives to provide more access for recycling in the local communities. The recycling station already inserted in a Starbucks shop in the Netherlands. (Global Social Impact 2017, 8.)

3 SUSTAINABILITY IN PRACTICE

3.1 Case Company Frappua

Frappua! Ytj (sole proprietorship) was founded in August 2016 in Lahti (Kaupalehti 2019). The founder is the businessman with Finnish-Russian origin. The business model is based on the concept "on the go" which serves coffee drinks to customers in single-use packaging. The business started by opening a cafe from a coffee car with the coffee machine inside instead of the trunk. The coffee car is presented on the image below.



Image 3 Coffee car (Instagram 2019)

Om the time of opening Frappua coffee cars were already popular in highly populated cities of Russia, but still unusual for Finland. The car is equipped with coffee machine that works from electricity or gas and also has refrigerator, coffee grinder and shelves inserted in the trunk. The company's approach is to sell high quality coffee drinks with affordable prices. The main sales point for the coffee car was the market square of Lahti. The advantage of its mobility of the cafe was taken into consideration. So, during the weekends, the sales were made nearby of main clubs and bars of Lahti on the evenings and night hours.

In December 2016 new location of Frappua was opened inside of Sokos commercial center in Lahti, and then, in December 2017 a warm kiosk on the market square replaced the car, which relocated to another selling point near main campus of Lahti University of Applied Sciences. Apart from opening new cafe's locations the company also has

extended its assortment. Opening kiosk with the stove inside allowed Frappua to add bakery products in their menu. Also, quite popular in sale are homemade cakes, which is also possible to order separately in bigger volume (around 2 kilograms) for the special events. In the assortment of the company also included line of coffee drinks for vegans and cold vegan drinks, hot chocolate, tea and premium British cookies with only natural ingredients etc.

The main product range of Frappua includes:

1. Coffee drinks:
 - Americano 175 /250 ml
 - Espresso, Espresso Macchiato (espresso + whipped cream)
 - Latte: 250ml, 350 ml (the best seller over the time), 450 ml
 - Cappuccino: 250ml, 350 ml, 450 ml
2. Special coffee drinks
 - Vienese coffee (espresso, whipped cream, cinnamon)
 - Raf (vanilla sugar, vanilla syrup cream whipped together with espresso)
 - Moccaccino (espresso, whipped milk, chocolate topping, chocolate syrup)
 - Pinjan latte (pine nuts, espresso whipped milk, hazelnut syrup)
 - Flat white (coffee, extra amount of whipped milk)
3. Hot chocolate
4. Tea
5. Vegan latte, cappuccino, hot chocolate (with whipped oat milk by Oatly, barista edition)
6. Hand-made cakes: Italian cake (Mille-fouille), Viennese cake, Bremen cake
7. Hand-made British cookies by Fine Cookie & Co (100% natural ingredients hand-backed by British bakers) (Fine Cookie & Co 2019.)
8. Other bakery products: Karelian pie, butter croissant, meat pie
9. Summer season products: Frappuccino, strawberry ice (strawberry granita), vanilla icecream with or without topping.

Another source of income for Frappua is creating and selling advertising on the digital screen inserted in the wall of kiosk on the market square. The company is loyal to its core approach: affordable prices. The price for the clients is 200 euros for one week including VAT and 400 euro for one month including VAT. The content creation is included in the service. Another service provided by Frappua is paid birthday or any special event wish on the screen for 20 euros including VAT. (Frappua 2019.) The income from advertising improves the financial health of the company especially during the low season. It also helps to improve the communication between the enterprise, local companies, community and municipality. The kiosk of Frappua with the digital screen is presented in on the image below.



Image 4 Kiosk with digital screen (Instagram 2019)

3.2 Coffee Beans

Industry of coffee is the most protected among all industries by different certifying organizations. Such certifications as Fair Trade, Organic, UTZ, Rainforest Alliance and Bird Friendly support responsible coffee production and consumption. (MacGregor, Ramsar & Nicholas 2017, 2.)

Supplier of coffee-beans for Frappua is Swedish coffee roasting company Johan & Nyström. The company includes sustainability in its mission statement and selects carefully coffee farmers with the same values for the environment protection and human rights. Johan & Nyström purchase beans from them by methods of „Direct Trade” with frequent visits to the farm to keep close long-term relationships. (Johan & Nyström 2018.) Two Swedish roasting companies such as “The Coffe collective” and “Johan & Nyström” belong to the founders of direct trade approach. (MacGregor at al. 2017, 5.)

The selection of beans from Johan and Nyström that Frappua uses is called “la Bomba.” The taste of coffee brings the atmosfere of cafes of southern Italy and, especially, neapolitan cafes. The mix of beans includes Arabica from Brazil Mogiana Coop and El Salvador Las Delicias Estate and Robusta from Uganda, Kaweri Plantation with proportion of 60% Arabica and 40% of Robusta. (Crema 2018.)

3.2.1 Direct Trade Method

Sustainable coffee industry can be divided into two main approaches for the certification, such as official certificaton provided by certifying organizations and the method of „Direct trade”. The main certifying organizations were described in the previous chapter.

Direct Trade is the voluntary regulatory scheme that supports sustainable production and consumption. The aim of direct trade is to facilitate and make more sustainable the procurement of high quality coffee. Principles of direct trade includes establishing direct regular contacts between a coffee roasting company and farmers which is achieved by regular visits to the farms and the payments according to the quality of coffee. The scheme is called „voluntary” because the participation depends on the decision of the firm. From the point of view of sustainable marketing the term direct trade is used in terms of selling high quality coffee to customers. (MacGregor at al. 2017, 2-3.)

3.2.2 Coffee Processing

The types of coffee processing in different farms can be divided into two main approaches: dry or natural coffee processing and washed processing. Dry processing includes simple drying of the coffee cherries on the sun with removing seeds afterwards. Such method is especially popular on the farms that do not have sufficient water supply. While drying, the careful supervision is required. Washed processing involves removing seeds from cherries and mucilage surrounding and placing them into water for fermentation and then removing and washing again. After the second washing the seeds

finally are left to dry. This process makes more clean cup. Other less popular approaches include semi-washing and honey processing. (Mammoth Espresso 2019.)

3.2.3 Selection of Coffee

Closer look on the coffee suppliers will allow to understand better that sustainability plays important role in the coffee industry. The Ugandan supplier of robusta is “Uganda Robusta Kaweri Plantation” Kaweri Coffee plantation is certified by UTZ since 2011. The standards of the farm include transparent payment structures, workplace safety, health checking, respect equality and peace between all employees and, also, respect to the biodiversity. Also, the farm established good communication between the municipality and the central government and with neighbouring communities. (Kaweri 2018.)

Arabica from Brazil for the selection «la Bomba” comes from Brazilian cooperative in the region of Mogiana near San Paolo (Cooperativa de Cafeicultores e Agropecuaristas (COCAPEC)). It was established in 1985 and nowadays it is a large cooperative with 2,000 workers. The approach for the coffee farming is naturally processed unwashed coffee. (Driftaway coffe 2018.)

Another selection of arabica for the “la Bomba” comes from Finca Las Delicias farm in El Salvador. The plantation has received certification of Rainforest Alliance in 2003. It is owned by Miguel Mendez and his family. The preparation of beans in the farm includes washing. (Cabarcoffe 2019.)

Another type of coffee beans of Frappua provided by Johan & Nyström is called „Sumatra Gayo”. It is used rarely due to the higher costs of beans because they are organic. The beans have mild taste ideally fitting for latte drinks.

This type of beans bears Fairtrade and Organic lables. Their origin is from the north of Sumatra island in Indonesia. The supplier of these beans is cooperative Koptan Gayp Megah Bersisri which uses natural ways of collecting and preparing the coffee seeds. The beans are collected by use of primitive plugging machine and then left in a woven bag overnight for the fermentation and then placed under the sun to dry. (Crema 2018.)

3.3 Paper Cups and Covers

Frappua uses PEFC certified sustainable paper coffee cups and plastic covers produced by Finnish packaging leader Huhtamäki. The cups sizes include:

- cups 100 ml (made in Finland)
- cups 175 ml (made in Finland)
- cups 250 ml (Bioware)
- cups 350 ml
- cups 450 ml.

All the cups are certified by PEFC (Programme for the Endorsement of Forest Certification) that guarantees that they are made from sustainable wood materials. Other partnerships of Huhtamäki include collaboration with Paper Cup Recovery & Recycling Group, the Food service Packaging Association and the Paper Cup Alliance (Insights 2017,13-17.)

The Bioware line of packaging by Huhtamäki is made from high quality, 100% environmentally friendly materials. The bioware coffee cups are biodegradable and compostable according to EU directive № EN 13432 That means that the composting time of the cup is 60 days in the conditions of common industrial composting plant. (Huhtamäki 2019.)

The greener approach for the single use packaging leads towards its better recycling and reducing the use where it is possible. In the Corporate Sustainability report of Huhtamäki, the company describes case of the UK market for their single use cups. In fact, all the paper cups of Huhtamäki can be recycled. In the UK the local initiative of company's stakeholders worked on increase of the volume of the cups that go to recycling. In the collaboration with other 14 organizations Huhtamäki helped by January 2018 to establish across the country 415 new recycling facilities. (Insights 2017,13.)

Frappua believes that reduce the use of single packaging is better from environmental and economical point of view. Barista always asks if the client needs a cover for his or her cup of coffee. In the warmer period the use of covers is much lower than in cold period. Also, the cafe located in Sokos mostly serves clients who buy coffee drinks for consuming within the shopping center, so the covers are rarely used, and the cakes are mostly served on the plates while the cakes for the street selling points of Frappua are served in a single use plastic packaging by Huhtamäki.

The staff has normatives of coffee consumption per working day. The workers of the company use regular cups for their coffee drinks.

Initiative to promote multiple-use cups usage for the clients was also discussed with the founder of the company. The idea is to give customer to possibility to purchase a mug from Frappua and also receive some little present in case if they come with their own mug or cup.

Frappua's facilities allow to participate in different festivals. During such events large amount of paper cups are used. Huhtamaki reminds that recycling is possible way to make any festival greener. For, example in cooperation with Simple Cups during two festivals in England the company collected 475,000 paper cups which were sent to a recycling facility. (Insights 2017,14.)

In the picture below are presented the types of packaging that Frappua uses for its cakes and coffee.



Image 5 Packaging of Frappua (Instagram 2019)

3.4 Milk

Frappua uses milk and cream produced by the company «Arla Foods». The coffee company selects high quality lactose free milk edition especially made for coffee drinks and lactose free cream. Milk is important product for a coffee store. In the three selling points of the cafe the use of milk in Frappua is according to calculations of the author of this thesis is in average 15 litres per day. The responsible choice of milk helps to maintain excellent quality of coffee drinks that offer baristas of Frappua.

„Arla Foods” is the Danish-Swedish provider of dairy products on the global market. Region of Europe in 2017 accounted for 63% of Sales of Arla. This company is a trustable and sustainable farmer’s owned firm. The core initiative of the company is to assure that they produce high quality milk, while the principles of constant animal welfare of the cows are fulfilled alongside with constant work on making methods of production more sustainable. There are different examples of the movement of Arla towards sustainable and even circular economy that includes work on energy safety and reduction on CO2 emissions as well as work on better packaging, more sustainable use of transport and food waste reduction. The supplier company sets the goal to shift all the energy consumption to renewable energy sources by 2020. In 2017 it accounts for 24% of the total energy consumption of the company plus 5.7% that comes from biogas. The leading position holds Sweden with 73% use of renewables and the second place belongs to Denmark with 22%. Reducing negative impact of transportation is achieved by investing in larger tankers for the transportation of the milk. The work on improvement of packaging is focused on reducing weight of package and increase the recyclable and renewable content in the package. According to Arla, 91% of their packaging is now recyclable. Participation of the company in international associations enhance its sustainable way of production. For example, as a member of DSF (Dairy Sustainability Framework) Arla have expanded amount of sustainability indicators to measure its performance. (Michelsen 2018, 20-31.)

The type of milk uses by Frappua is presented on the image below.

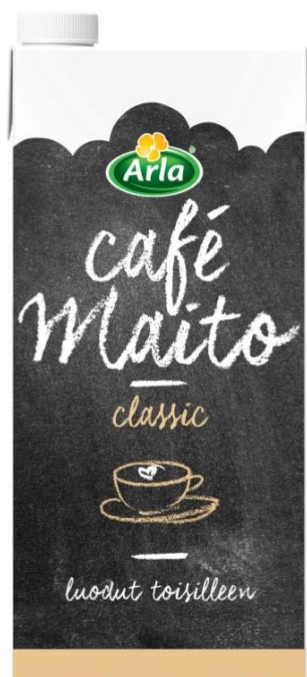


Image 6 Milk Used by Frappua (Arla 2019)

3.5 Sugar

Frappua uses sugar from the company Dansukker. There are two types of this product: brown cane sugar that bears Fairtrade label and conventional white sugar. (Dansukker 2019.)

The sugar serving policy in Frappua include the following: use packed in sachets sugar only upon request of a customer. Use the common pack of sugar placed in a basin at any other case. In the end, approximately 95% of cups with sugar are filled with sugar from the sugar basin. It saves the environment due to reduced amount of packaging waste. It also allows the company to save the costs.

3.6 Vegan Line

The main line of products for vegan population of Finland include latte, cappuccino and hot chocolate made with oat milk. Also, Frappua offers cold vegan drinks in the cans for

the summer season that bear organic label. The picture of oat milk used by Frappua is presented on the image below,

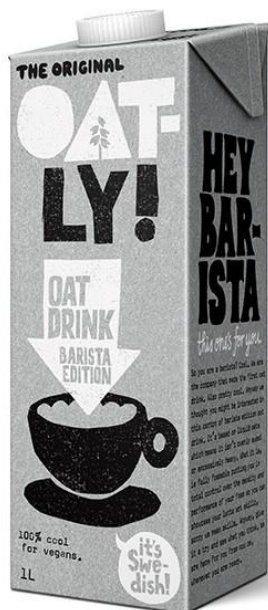


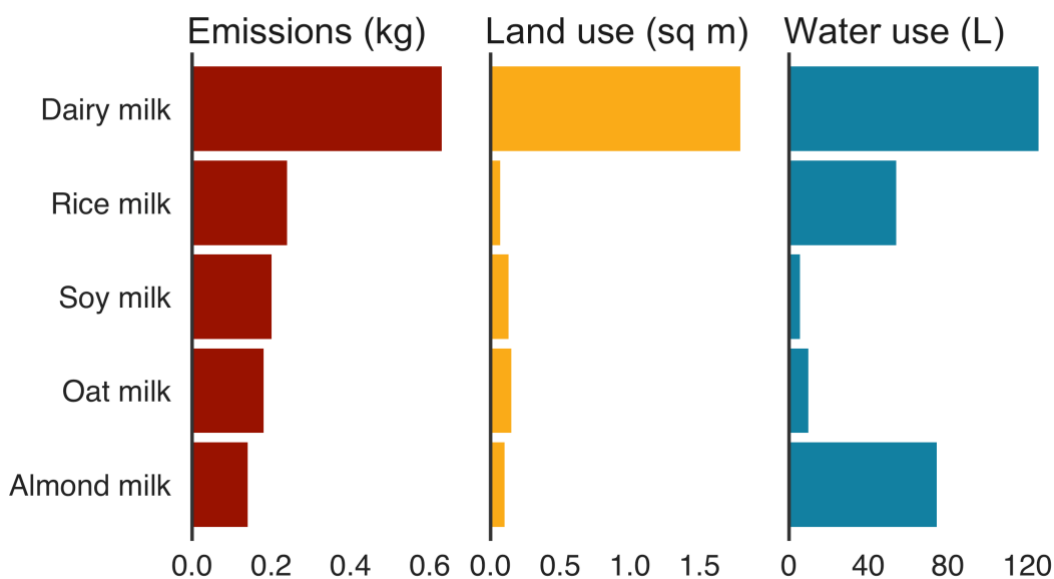
Image 7 Oat Milk Barista Edition (Oatly 2019)

The vegan line of products uses oat milk specially made for coffee drinks from Swedish company Oatly. The company is an excellent example of the socially and environmentally responsible firm. The main principles in its sustainability strategy the company sees in reducing environmental impact in its production, social and environmental responsibility in the supply chain, and sustainable packaging. Asking the opinion of different stakeholders of the company brings clearer picture of their expectations towards sustainability. On the opinion of about the third of Oatly consumers, questioned by the company, their choice of the product based on climate and environment consideration. (Oat ly 2017, 25.)

The growth of the company which based its business model of the plant-based products suitable for vegans and vegetarians also correlated with growth of amount of people who choose this kind of lifestyle. Oatly is proud of being a very green company, especially because plant-based products leave less negative footprint than animal and dairy products. The comparison of the environmental impact of milk and environmental impact of plant-based milk are shown on the figure below.

Which milk should I choose?

Environmental impact of one glass (200ml) of different milks



Source: Poore & Nemecek (2018), Science. Additional calculations, J. Poore



Figure 3 Environmental Impact of Different Types of Milk (BBC 2019)

In the terms of production, the excellent results are shown by Oatly. Reducing environmental impact on the production is achieved by using 100% of electro energy in the production from renewable sources: eco-labeled electricity and biogas. Ninety-five percent of production of the company takes place in their own plant in Swedish town Landskrona, so the company can be fully aware that their production process is sustainable. Packaging is also organized by the company on their production facility for the top selling products. The recycling of the waste is also important, so the part organic waste generated by production becomes biogas. Also, the green production depends on contents of the products. The core of the Oatly production is oats and most of them are grown in Sweden. Twenty-eight percent of them are organic. (Oatly 2017,32-40.)

3.7 Machinery

3.7.1 Coffee Machines

The supplier of coffee machines of Frappua is Italian firm "Astoria." The company includes green line in its product portfolio. Sustainability aspects of Astoria are energy savings, waste reduction and environment protection. The example of machine with low environmental impact is the model „Plus 4 You TS“. It has certificate of energy savings

between 30 % and 47.6 % which is achieved by adaptation of the mechanism to the rush hours, downtimes and night-times in a cafeteria. Sustainable principles of Astoria in the product line include building automatic shut-down and leak-proof systems in the machines, responsible waste management, maximized recycling and material's recovery through filtering and water reuse.(Astoria 2018.)

The selection of coffee machines by Astoria that used by Frappua is model "Pratik Avant", semi-automatic working with electricity and "Gloria" that works on electricity or gas (Astoria 2018). The machines are switched off during the hours when cafe is closed. The advantage of them is use of minimum water.

3.7.2 Grinders

The process of making coffee include the grinding of coffee beans and then preparing the substance in the coffee machine. The coffee grinders used by Frappua are purchased from the leader of the niche Spanish brand "Cunil" with a long and sustainable history since its foundation in 1957. It is professional, excellent quality equipment made from high quality materials: stainless steel, high quality unbreakable plastics aluminium and other, with compliance of industrial and health safety standards. (Cunil 2019.)

3.7.3 Drink Dispensers

Drink dispensers are used during warm season for preparing cold drinks: frappuccino and strawberry ice (granita) and for preparing icecreams. During hot, sunny days in Lahti these products stay on the top of sales and overcome significantly sales of coffee. During the special events on the market square such as concerts thematic markets and other the sales of icecream and frappuchino also rise.

Frappua uses drink dispensers from the company Bras. The types of models used are B-3 for Frappucino and B-Frozen for icecream. (Bras 2019.) The sustainable content here lies on special saving energy system. The ventiles of machines permanently move the liquid placed inside (it can be coffee melted in the water with milk, in case of Frappuccino, or strawberry concentrate mixed in the water, or the substance for icecream). The temperature is kept below zero degrees. During the night the machines are switched to the energy saving mode and the liquids keep moving inside, ready to be in sale in few minutes after switching to the day mode. The drink dispenser used for preparing frappuccino and strawberry granita is presented on the image below.



Image 8 Drink Dispenser Bras Model B3 (Bras 2019)

Sustainability plays important role for Bras with compliance of safety and environmental requirements and minimizing risks for the environment (Bras 2019).

3.8 Electricity and Waste

Energy consumption and waste management of Frappua depends on facilities build by the city of Lahti. In fact, city of Lahti is famous for the electro-energy production and waste recycling not only across Finland but around the world, as example of a sustainable city famous for energy production from waste. In the end, only 10% of waste goes to landfill. The electricity is provided by city-owned firm "Lahti Energia". Different energy production facilities include ST1 bioethanol production plant, gas production from landfill and Labio biogas and compost facility (biggest in Finland). The Kymijärvi II power station started to operate in 2012. It produces fuel from plastics, wood and paper unsuitable for recycling, which then by burning is transmitted into the electricity enabled to cover 90% of the area. (Jaconbson 2015.) The new biofuel power plant Kymijärvi III will start to operate in 2020. It will significantly reduce greenhouse emissions of the city and will allow to have 80% of district heating also coming from renewable sources. (Lahti 2019.)

4 EMPIRICAL RESEARCH AND DATA ANALYSIS

4.1 Data Collection Process

The research approach of this thesis is qualitative. The research question seeks for appropriate sustainability strategy, which according to Malhotra, based on external and internal sustainable behaviours of the company (2016, 12). Discovering of opinions of people towards making cafes more sustainable is important factor for shaping an appropriate sustainability strategy from the external perspective. Qualitative approach is based on investigating of people's opinions and behaviours (Taylor et al. 2016, 17). For that purpose, the questionnaire in a form of web-based survey was chosen as data collection method.

Questionnaires are tools for collecting primary data with same questions addressed to the respondents in the same order while the interviewer is not presented on the location. This method allows to collect significant amount of samples. Questionnaires can be divided into two main types: interviewer administrated and self-administrated. Self-administrated questionnaires include such types as internet based, intranet-mediated, postal questionnaires and delivery and collection questionnaires. Interviewer-administrative questionnaires can be either conducted by phone or in a form of structured interview. (Saunders et al. 2009, 360-363.)

The target group of respondents for the survey was inhabitants of Lahti from 18 years and older, preferably Finnish and Russian nationalities. Such group is chosen because the case company is the local chain of cafeterias (three locations in the city center) concentrated on reaching local customers. The nationality selection is based on the fact that most of customers of the company are Finnish or Russian in the proportion approximately 70/30 % Local Russian speaking society knows that the owner of cafe is from Russia and the staff are mainly from Russia, which motivates them to visit the cafe more often. The main age category of the customers of Frappua as was observed by the author of the thesis and confirmed by the founder of the company is Finnish and Russian people between 25 and 45 years old.

4.2 Survey Structure

The survey is divided into two main parts, the questions specific for the topic that can be divided also on general questions about sustainability and industry-specific questions and general demographic questions:

- 1-2 questions (General questions about sustainability)
- 3-6 questions (Questions about sustainability in cafes)
- 7-9 questions (Demographic questions).

Respondents give opinion whether they are interested in purchasing organic products and organic coffee in the cafes, are they concerned about sustainable packaging and whether the cafes should pay more attention to that etc.

4.3 Data Analysis

The survey was implemented during March and April 2019 with total of 51 respondents, residents of Lahti. The target group of respondents included Russian and Finnish nationalities of any age category from 18 years and older.

4.3.1 Demographic Characteristics

The nationalities of the respondents presented on the figure below.

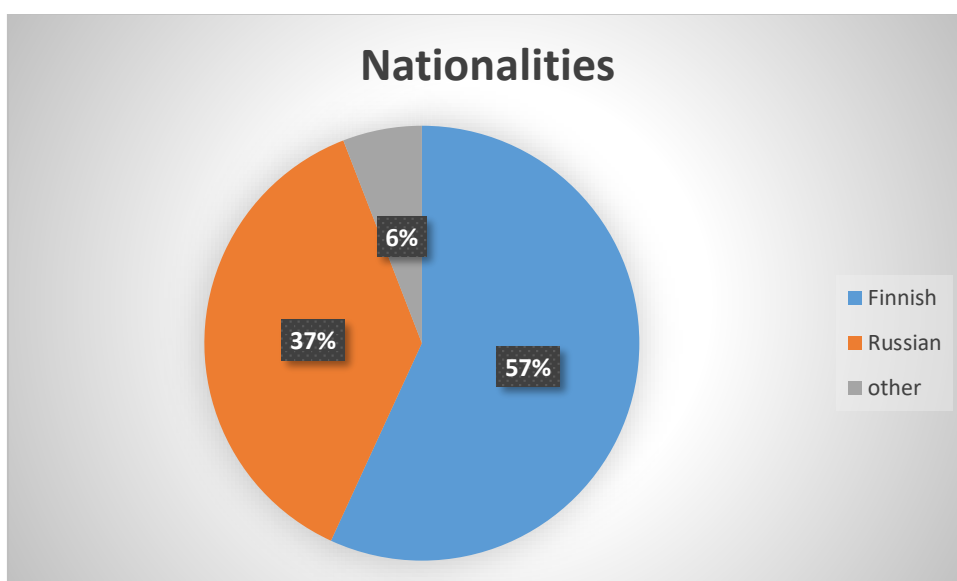


Figure 4 Nationalities of Respondents

- The 57% are Finnish (29 respondents)
- The 37% are Russian (19 respondents)
- The 6% of other nationalities include 1 Nepalese and 2 Vietnamese

The figure below presents gender of the respondents.

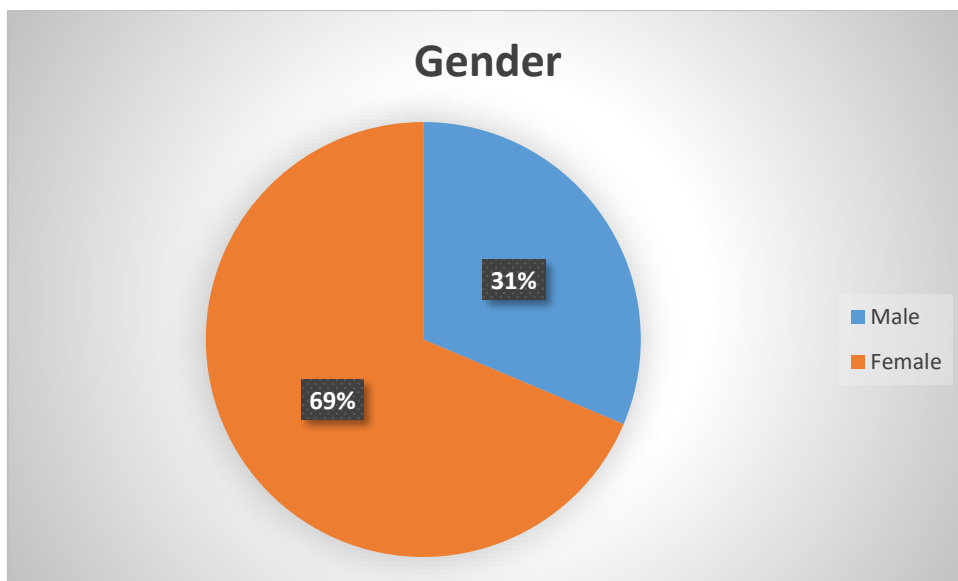


Figure 5 Gender of the respondents

- 69% of respondents are women
- 31% of respondents are men

The figure below presents the age categories chosen for this study.

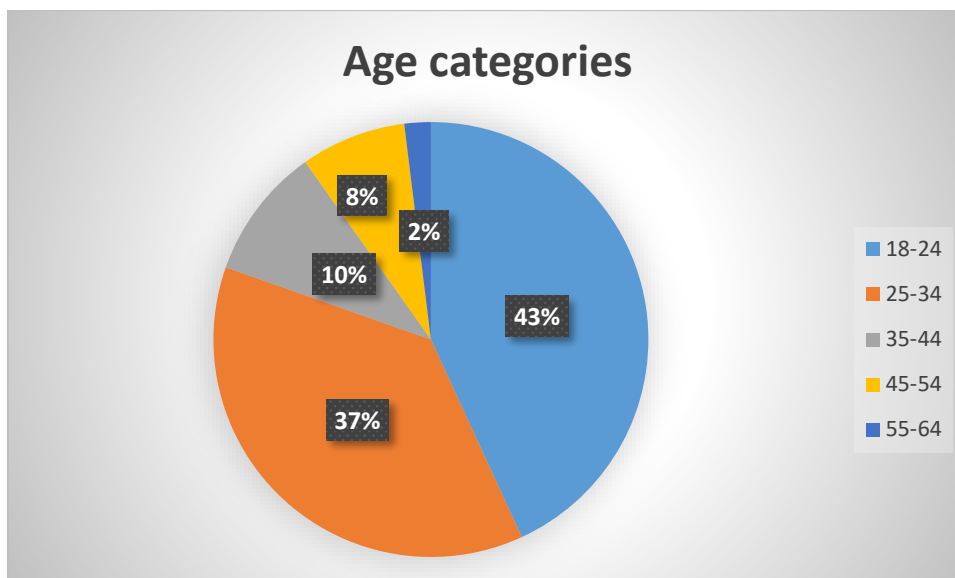


Figure 6 Age categories

- 43% (22 respondents) belong to age category between 18 and 24 years old
- 37% (19 respondents) belong to age category between 25 and 34 years old
- 10% (5 respondents) belong to age category between 35 and 44 years old
- 8% (4 respondents) belong to age category between 45 and 54 years old
- 2% (1 respondent) belongs to the age category between 55 and 64 years old

4.3.2 Sustainability Questions

The first question of the survey is “What is sustainability for you?” Here are ten of the most interesting answers:

- “In terms of business, being responsible for what the impact the things you do have on society, environment and economy”
- “The process to live without causing damages (or as less as possible) to the environment.”
- “For me, sustainability is way of living and to do it in a way that we take care of our planet and other human beings and other living creatures. We have to take care that we don’t harm the ability of future generations to live in this planet. sustainability is composed of three pillars: economic, environmental and social - also known informally as profits, planet and people.”
- “It's a conscious resource usage.”

- “Reusable packaging e.g., paper and cotton bags, Bio coffee, no plastic, organic goods.”
- “The companies operate in a fair, honest and trust way, taking into account people and nature.”
- “Considering my choices in everyday life. Trying to be aware of the consequences of my consumption habits. Recycling when possible, eating plant-based, often choosing organic options.”
- “Fighting against climate change, living zero waste life.”
- “Environmentally friendly lifestyle.”
- “Minimum waste, leaving a planet for my kids.”

Every respondent has its own vision of sustainability. Everybody of them see it as something positive related to making planet better, society better, their life better or the life of their kids.

The second question of the survey is “Will sustainability aspects influence your choice of the products that you buy?”

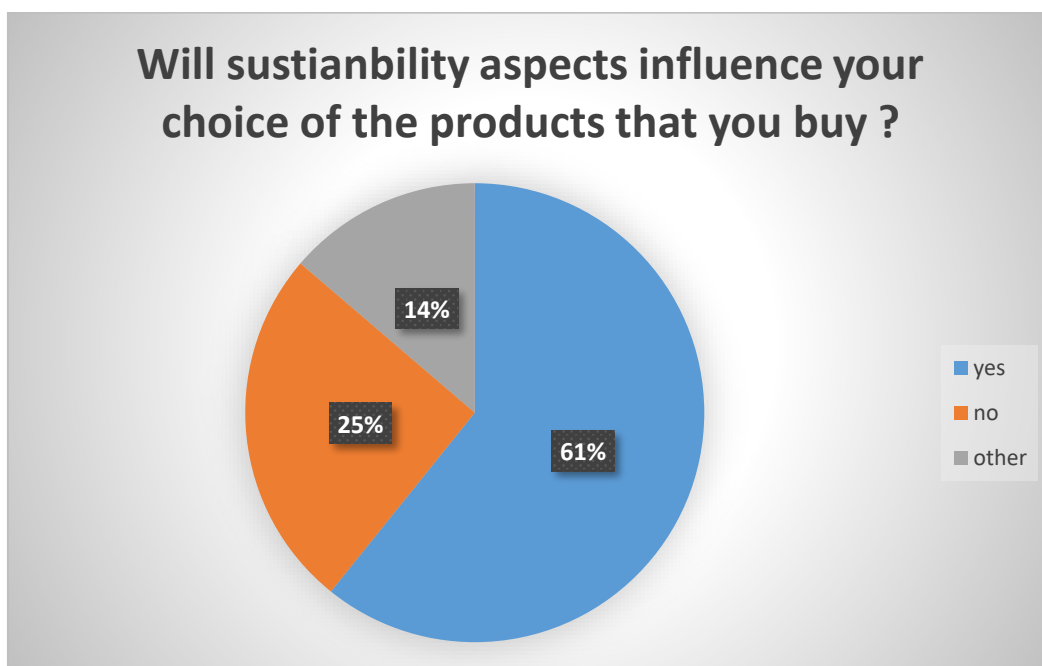


Figure 7 Choice of Sustainable Products in General

61 % (31 respondents) are concerned about sustainability aspects when they buy different products. 25 % (13 respondents) are not concerned about sustainability aspects then they buy different products. Among seven respondents who answered “other” they refer that they give preference to more sustainable products sometimes or it depends on the conditions such as for example, if the product is in a nice place, the specific type of

product, the budget they have at that moment etc. So these answers can be also considered as “no” , which is in total 39% of answers “no”, in this question.

61 % is high percentage of the interests in purchasing sustainable products. It also tells that people in Lahti generally concerned about whether their purchases is sustainable. From this number Frappua can learn that it is important for the company to have sustainable products and keep its customers aware of it.

The third question is “Does the information that the contents of the coffee are organic and sustainable will influence your choice where to buy a coffee drink?”

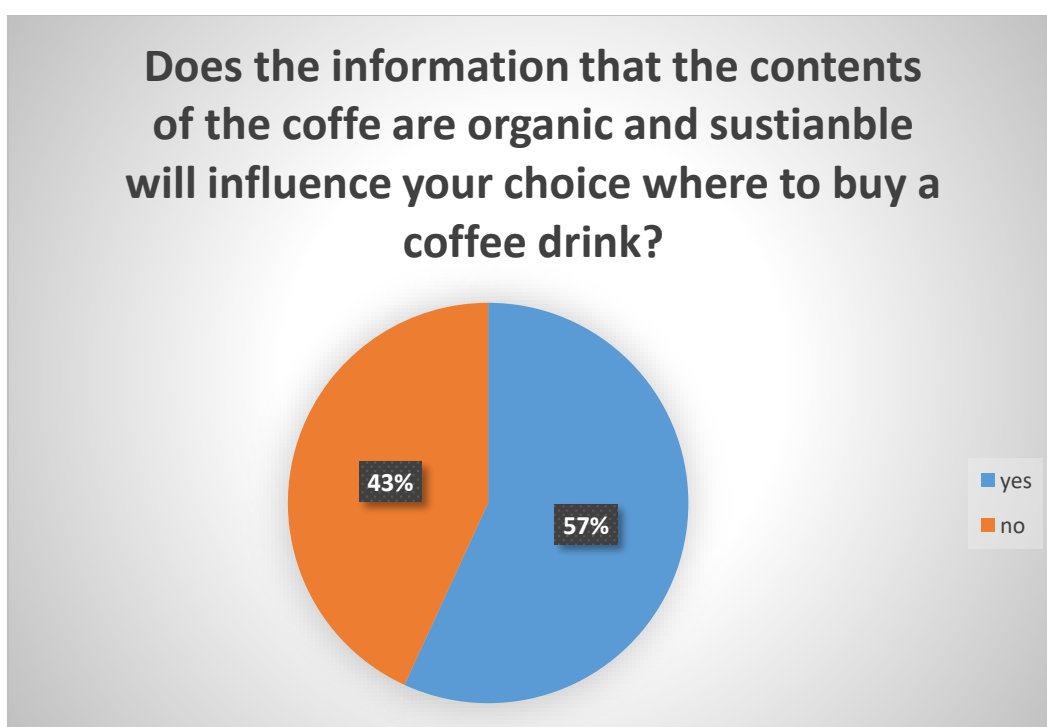


Figure 8 Sustainable Content in the Coffee Drinks

57% (29 respondents) answered that the information about sustainable and organic coffee can influence their choice of a drink. It is only 4% less than amount of people who answered yes, on the question about purchasing sustainable products in general.

Sustainable coffee is more specific product and customers in Lahti who buy bio products in supermarkets might not also think about whether their cup of coffee from a cafe is sustainable. 43% (22 respondents) replied that information about sustainable and organic coffee will not have any effect on where to buy their coffee. This number is also 4% bigger than amount of people who answered “no” in the first question (39% which is 25%

+ 14% of people who also commented on the question of not selecting sustainability as priority in purchasing).

One of the respondents answered: "I'm vegan so I won't buy coffee products containing milk (partly for environmental reasons). I haven't looked into the differences of eco/conventional coffee farming. I drink coffee only a few Times for a long period." To this person the company would offer to buy a vegan coffee drink. The sustainable advantages of the coffee based on oat milk has been reviewed in the chapter "Vegan Line" In general, more respondents expressed interests towards sustainable coffee. The case company can meet their demands. Baristas gladly tell about the coffee that they use per request of a customer.

The fourth question is "Do you think that more information of the sustainable contents of the products should be provided in cafes?"

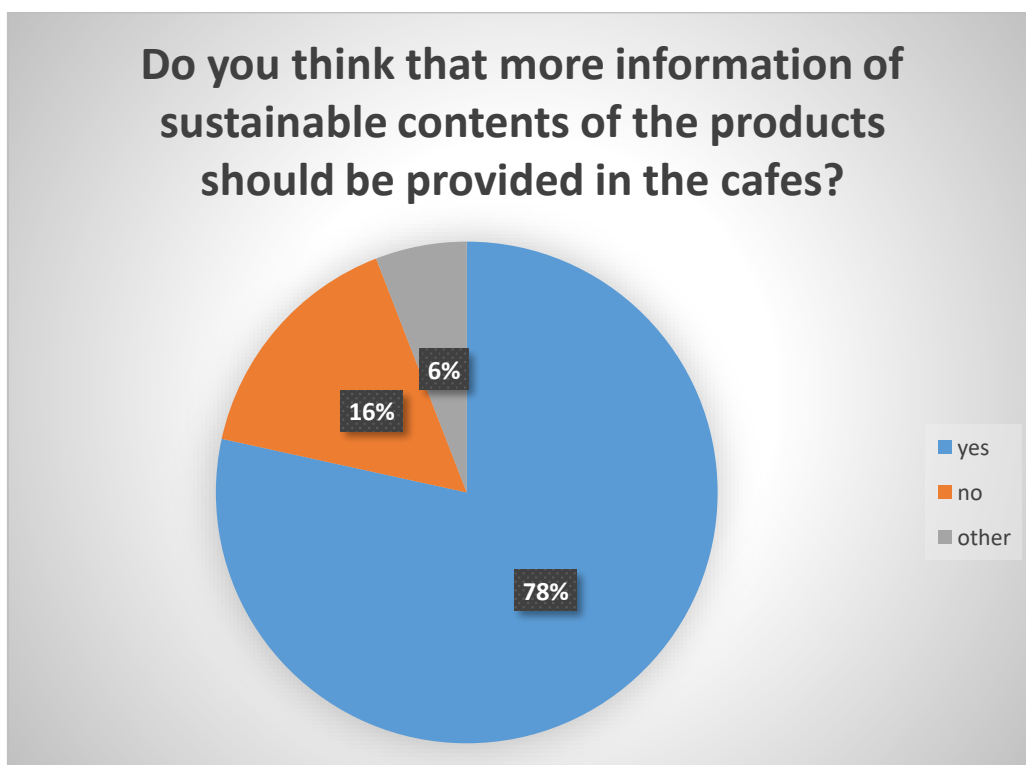


Figure 9 Information About Sustainable Contents

78% (40 respondents) would like to receive more information about sustainable contents in the cafes. It clearly shows that people in Lahti are concerned about sustainable topics

and would like to be aware of making responsible choices while purchasing. People usually do not know much about the sustainable backgrounds of their purchases unless it is written “Bio”, “Fairtrade” and other. The sustainable marketing in the forms of content marketing and different marketing campaigns would be an effective tool for Frappua in this case. 16% (8 respondents) did not express the interest towards sustainable aspects in cafes. The 3 respondents who answered “other” left the following comments:

- “I think that this style of approach will just make "certifications" system more complex and greenwashing more prominent.”
- “I only care if the coffee tastes good. If it tastes extremely good and is also sustainable, I will pay more (but for the taste, not for the fact of sustainability)”.
- “The information of products doesn’t influence on my choice but other aspects such as taste, place and surroundings”.

These 3 comments can be also added to the part of answers “no”, which is in the end consists of 22% for this question.

As it was noticed by one of the respondents greenwashing also often takes place in the modern time, where sustainability already became a trend. That is why proper investigation and putting proper information about certification and sustainability will help companies to skip greenwashing.

The fifth question of the survey is “Does the information of sustainable packaging of coffee drinks influences your choice of a drink?”

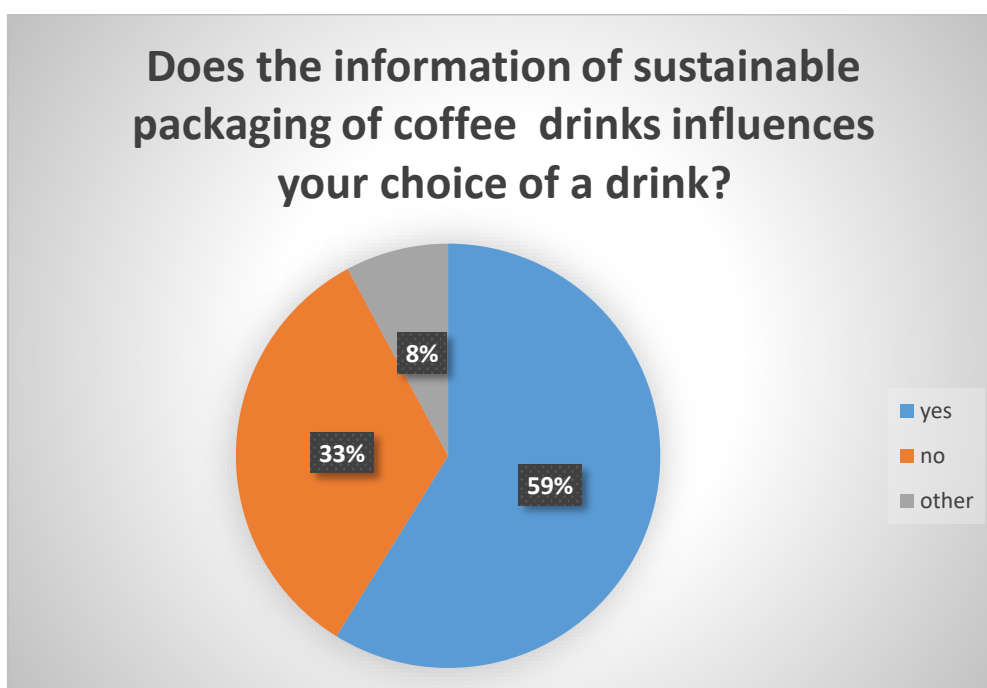


Figure 10 Influence of Sustainable Packaging

Among people who left their opinion in this question here are the most interesting answers:

- Of course, it would be nice to have such information, as an entrepreneur I support green innovations, and would appreciate knowing that packaging of a product is sustainable.
- “Not sure. I would buy coffee by the taste, but a more sustainable packaging would make me curious to buy it at least once. Coffee has such strong needs for the package to be protective I would be interested in seeing what the new options are.”
- “Recyclable is more important.”
- “Rather than talking about sustainability, I would lay the focus on the way of production”.

59% (30 respondents) answered that sustainable packaging influences their choice where to buy a coffee. This number is 2% higher than the preference of sustainable coffee (57%). This tells that people associate single-use packaging with something more unsustainable and would like to see more sustainable packaging presented on the market. 33% (17 respondents) do not find important to pay attention to the sustainable packaging. According to some of the opinions gathered, some of the clients would be concerned about the way product and package produced and whether it is recyclable. Such topics will be considered in the sustainability strategy of the case company.

The sixth question is “Are you ready to pay more for organic coffee?”

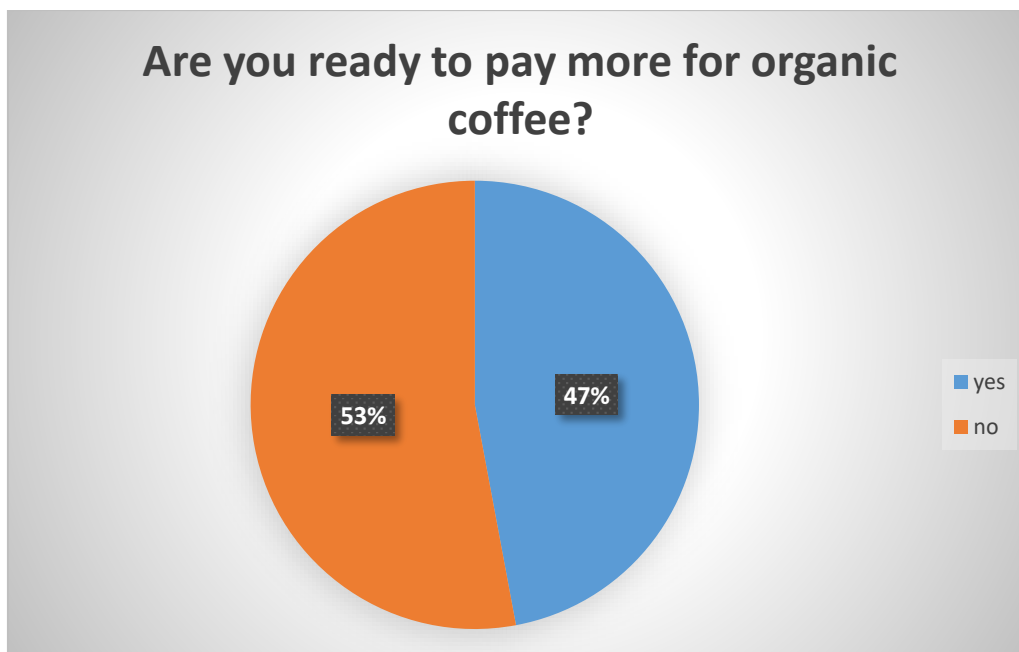


Figure 11 Price for Organic Coffee (Survey 2019)

53% (27 respondents) would like to pay more for organic coffee. 47% (24 respondents) would not agree to pay more for organic coffee. This figure is similar to results presented on the figure № 17, 57% (29 respondents) that replied that they are interested in sustainable coffee. From this can be assumed that among the respondents who find important that the coffee that they drink is sustainable, some people would also agree to pay more for organic coffee.

Overall results of the survey show that the target group of people, such as Finnish and Russian inhabitants of Lahti are mostly interested in sustainable products and sustainable coffee, but not everybody would agree to pay extra money for it. The percentage of people interested in different sustainable products and (or) packaging was in every question over 50% and varied from 53 % to 78%. These numbers show that slightly more than half of respondents (53%) would agree to pay more for organic coffee, and that most people whether they agree to purchase organic and (or) sustainable products, still would like to know more about this topic before making their purchase (78%). Between these numbers there are 61% of people who are generally interested in buying sustainable products. Among them, 57% of people interested in buying sustainable coffee and 59% also concerned that the packaging for this coffee is sustainable.

5 CONCLUSION

5.1 Key Findings

The key findings for sustainable contents in use of Frappua are summarised in the table below.

Table 1 Key Sustainability Findings

Product/area	Sustainable content	Certification	UN's sustainable development goals
Coffee beans (by Jonan & Nystrom)	1. "La Bomba" from selected suppliers by direct trade method. "Sumatra Gayo"	1. UTZ, Rainforest Alliance 2. Fairtrade, Organic	12: Responsible production and consumption
Packaging (By Huhtamaki)	Recycable paper cups from sustainable materials	PEFC	12. Responsible production and consumption 13. Climate action
Milk (by Arla Foods)	Highest quality milk from conmany that use renewable energies	-	12. Responcible production and consumption
Sugar	Minimised amount of single packaged sugar	Fairtade (only brown kane sugar)	12. Responsible production and consumption
Vegan line (by Oat ly)	Less environmental impact with oat milk energy from renewable sources	-	12. Responsible production and consumption 13. Climate action 7. Affordabe and clean energy
Machinery	1. Coffee machine Energy saving 2. Grinder Quality, safety 3. Drink dispencer Energy saving	-	13. Climate action
Electricity and waste	Electricity comes from renewables provides by city of Lahti.	-	11.Sustainable cities and communities

	Waste is reduced by company policies.		
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5.2 Sustainability Strategy

5.2.1 Internal Factors

Sustainable Production

The core products for Frappua's cup of coffee are coffee beans, milk and sugar. From studying carefully sustainable behaviours of producers of these products is visible that selection of high-quality products makes the choice also more sustainable. The coffee beans are delivered from Sweden in big volumes suitable for use in cafe chains. The rest of tangible products are purchased in Finland from a special shop for business clients.

Responsibly produced products that are in constant use by Frappua make the company sure of less environmental impact created by usage of this products in volumes enough for supplying the three coffee shops.

The coffee beans are purchased by roasting company from well-known farmers by method of direkt trade (Johan & Nyström 2018). Among four types of beans 3 of them are bearing international certifications (Crema 2018). Coffee beans used by Frappua are considered to be high quality and sustainable.

Milk is produced by use of 24% electroenergy from renewable sources according to Arla Foods (Michelsen 32, 2018). Plant based milk is produced with use of 100% of renewable energy. Also use of oat milk for vegans, itself leaves less environmental impact than use of diary products. This contributes to the United Nation's sustainable goal № 12 "Sustainable production and consumption" and № 13 "Climate Action". The oat milk which is from different points of view (overall impact, production, packaging, ingredients, logistics and other) is the most sustainable. (Oatly 30,34 2019.)

By investigating the choice of the core products of Frappua we can see that the company's main value is the quality of selected core products. The quality also brings trust that purchases selected by Frappua are produced with minimum possible environmental impact, so the end product - cup of coffee is also something that is responsibly produced.

The core strategy for sustainable production is

- keep on selection of high quality responsibly produced products
- increase amount of organic and certified products
- costs efficiency

Packaging and Waste Reduction

Industry of “on the go” products depends on using much packaging. To reduce the impact of its usage companies, strive to select more recyclable packaging and reduce its usage where is possible in serving the products. The Frappua’s initial interest in reducing amount of packaging, in fact, lies on the cost reduction. The choice of high-quality products for making coffee also brings more costs and reduction of amount of packaging helps to save the costs. This practice involves reduction of use of lids and sugar sachets and where it is possible paper cups and packages for the cakes. Reduction of amount of packaging used also helps to reduce amount of waste created.

Frappua uses paper cups and lids from Huhtamaki. They provide the selection of more biodegradable and recyclable cups in their line “Bioware” and also assure that all their paper cups are made of sustainable forest materials in the control of PEFC. (Insights 2017.)

The core strategy for responsible packaging:

- Reduction of amount of packaging used
- Selection of only environmentally friendly packaging

5.2.2 External Factors

Sustainable Marketing

Frappua is an active user of social media. The. Company has pages in Facebook, Instagram, VK.com and Youtube. Instagram is the most activity used among all social media accounts of Frappua. The main profiles of the company in the instagram are “@frappua” and “@vladimirbaulin” (the main barista of the company) Here and also on the digital screen of the kiosk in the market square Frappua shares the contents that also include sustainable topics. As the survey results show the clients of the company would prefer to be aware of the usage of sustainable contents in the products and packaging. Content marketing is the core tool for Frappua’s sustainable marketing’s strategy.

Proper selection of contents on the digital screen of Frappua is also an effective tool to inform the clients. The author's experience in working in the Frappua's kiosk on the market square showed that interesting contents rise attention of the people passing nearby and motivate them to stop for buying something or at least for sharing their interests towards the content that they have seen. In this area creative thinking of Frappua's workers and the owner of the company have grounds to use its full potential. Types of contents that provides Frappua includes, videos, photos, images, informative posts in Facebook and Instagram, and advertisement created for the own use of Frappua or created for the BtoB partners who paid for advertisement on the digital screen. To keep interests of its clients the employees of the company also provide different special offers for the clients, for example for the subscription for the facebook page or Instagram page of the company, Frappua gave out cold organic latte drinks. The campaign took place in May 2018.

As the results of survey show clients of Frappua would be interested to buy organic coffee. Also they are interested to know more about sustainability, The findings of the research shows that there are a lot of different positive sustainable practices within the company. The successful strategy of Frappua lies on the proper marketing of company's strengths from the point of view of its achievements in terms of sustainability.

The core strategy for sustainable marketing:

- More focus on sustainability topics in content marketing.
- Encouraging people to use their own coffee mugs

5.2.3 The Key Points of the Strategy

All sustainable practices and initiatives and possible future improvements are intercorrelated in the single strategy that proposes ambitious and achievable steps towards more sustainable business in the case of company Frappua.

Following the recommended steps also contribute towards the global United Nation's sustainable development goals proposed in 2015 (UN 2019). The main goals that activities of Frappua contribute to is the goal № 12 "Sustainable production and consumption" and the goal № 13 "Climate action" Use of sustainable production that is produced with use of renewable energy and packaged in recyclable packaging contributes to the goal from the production perspective. Attention to recyclable packaging and reduction of amount of packaging used is example of climate action. Encouraging

customers to purchase more organic and certified products and bring coffee mugs to reduce amount of packaging used is example of responsible consumption.

The core principles of sustainability strategy are presented in the figure below.

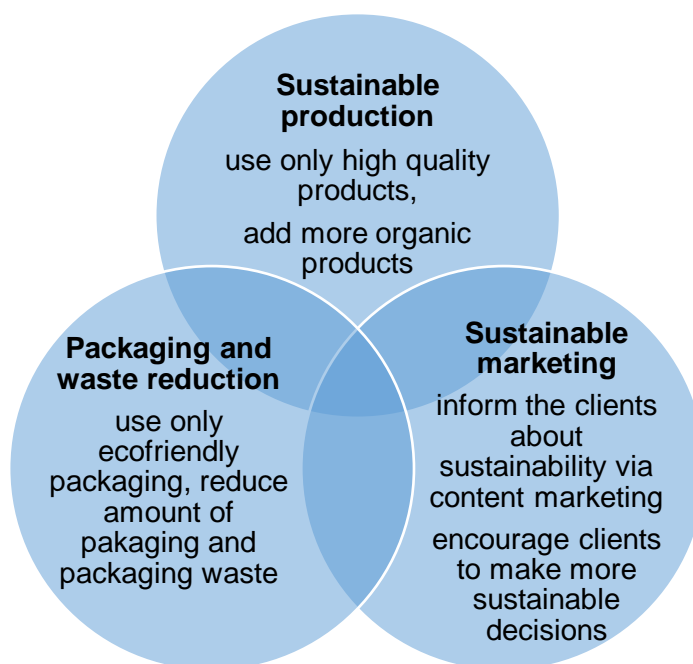
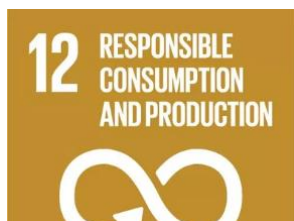


Figure 12 Sustainability Strategy for Frappua and its Correlation to UN's Sustainable goals (United Nations 2019)

5.3 Answers to Research Question

The research question for the thesis is "What kind of sustainability strategy Frappua should choose to assure that the company is truly sustainable and improve its performance?"

From studying the literature about the sustainable strategy was discovered that sustainability strategies are individual for every company. The focus of building the sustainability strategy for Frappua was based on the approach of Malhotra (2016, 12), where the researcher distinguishes sustainable behaviours of any company on external and internal.

Thus, the sustainability strategy of Frappua is based on the analysis of internal factors (behaviours) of the company (how the products used are produced, whether the electricity used to run the cafe is from renewable sources, whether the packaging used is environmentally friendly, whether the machinery used does not consume much energy and other) and the analysis of external factors based on the opinion of local society towards sustainability issues. That leads to creating appropriate sustainability marketing campaigns and contents.

The sustainability strategy is separated on three main areas: sustainable production, packaging and waste reduction and sustainable marketing. In these three areas the author of the thesis proposes the improvements that should be made in the case company to make Frappua more sustainable and improve its performance.

5.4 Reliability and Validity

Reliability and validity are the terms used for measuring the accuracy and quality of qualitative and quantitative research. In the quantitative research is significantly easier to confirm the research accuracy than in qualitative, which requires sophisticated theoretical and methodological base. Reliability refers to consistency of the measurement in the meaning that the instrument used brings the same results each time it measures something in the same conditions. Validity refers to degree of accuracy of the outcomes of the research. (Adams, Khan & Reaside 2014, 245-246.)

The primary resource of the study was questionnaire and also the experience of the author of the thesis in working in the company that became the case for this thesis. The target group for the questionnaire was Finnish and Russian residents of Lahti of different age categories. The key client categories of Frappua are Finnish and Russian residents of Lahti from 25 to 45 years old. This is assumed from the author's work experience in the

case company. The manager of the company has the same opinion. The proposed age and nationality categories are also dominate among the respondents of the survey. In total 51 answers for the survey were collected, which made the result reliable.

The additional factor for the validity and reliability of the findings of the research is the own experience of the author in working in the case company that brought the accuracy in answering the research question. The proposed sustainability strategy fits to the company's resources, ambitions and possibilities.

5.5 Suggestions for Futher Research

The topic of sustainability opens many opportunities for investigation of different sustainability aspects. In this thesis was analyzed sustainable backgrounds of the main products and areas of activity of the company such as coffee beans, packaging, milk, oat milk, sugar and source of electricity that uses the company. Further research can be done to investigate use of different products such as bakery products which are presented in the menu in different variations, hot chocolate, ice cream, frappuccino etc. Sustainable development is constant development towards more sustainable future. So, there are always possibilities of the further improvement in which goes in hand with conducting research in the field.

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APPENDICES

APPENDIX 1 Survey

1. What is sustainability for you?
2. Will sustainability aspects influence your choice of the products that you buy?
 - Yes
 - No
 - Other (please specify)
3. Does the information that the contents of the coffee are organic and sustainable will influence your choice where to buy a coffee drink?
 - Yes
 - No
 - Other (please specify)
4. Do you think that more information of the sustainable contents of the products should be provided in cafes?
 - Yes
 - No
 - Other (please specify)
5. Does the information of sustainable packaging of coffee drinks influences your choice of a drink?
 - Yes
 - No
 - Other (please specify)
6. Are you ready to pay more for organic coffee?
 - Yes
 - No
7. Nationality:
 - Finnish

- Russian
- Other (please specify)

8. Gender:

- Male
- Female

9. Age

- Under 18
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65+